

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1656 – SB 2074

April 13, 2016

SUMMARY OF ORIGINAL BILL: Requires the Bureau of TennCare, prior to making any reduced supplement transitional payments on a pro rata basis from the nursing home assessment trust fund, to notify the chair of the Health and Welfare Committee of the Senate and the chair of the Health Committee of the House of Representatives.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (013056, 015997): Amendment 013056 deletes all language of the original bill. Extends the annual nursing home assessment for an additional year, through June 30, 2017. Requires each nursing home to pay the nursing assessment in quarterly installments. Revises the supplemental transition nursing home cost reimbursement rate to 30 percent for the quality measures program per consultation. Authorizes any licensed nursing home to contract with any and all managed care organizations, or the Bureau of TennCare, or both for the provision of Medicaid nursing facility services as long as the home is exercising its taxable privilege to engage in providing nursing home care, is certified to participate in Medicaid by the Bureau, and makes the required assessment installment payments or has an established payment plan and is not delinquent on that plan.

Amendment 015997 adds language to the bill as amended by amendment 013056 authorizing the Bureau of TennCare, in consultation with the Comptroller of the Treasury and the Tennessee Health Care Association, to implement changes to the Medicaid per diem rates of the nursing home reimbursement system through emergency rules when acuity and quality supplemental transition payments are made. Removes the provision that authorizes any licensed nursing home to contract with any and all managed care organizations, or the Bureau of TennCare, or both for the provision of Medicaid nursing facility services as long as the home is exercising its taxable privilege to engage in providing nursing home care, is certified to participate in Medicaid by the Bureau, and makes the required assessment installment payments or has an established payment plan and is not delinquent on that plan. Adds language that the Bureau is authorized to adopt reasonable and necessary requirements for the participation of a nursing facility in the TennCare program. Requires the Bureau to promulgate all requirements for participation adopted after the effective date and include a hearing prior to enforcement of such requirements as part of any provider contract, unless otherwise required by federal law. Creates an enforceability mechanism for the Bureau to recoup unpaid nursing home assessment fees, penalties, and interest.

HB 1656 – SB 2074

Authorizes the Bureau to file a civil action against a covered nursing facility to collect any nursing home assessment fees, penalties, or interest that have been delinquent for more than 90 days. Exclusive jurisdiction and venue for a civil action will be in the chancery court for Davidson County, Tennessee.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue - \$121,035,200/FY16-17/

Nursing Home Assessment Trust Fund

Increase State Expenditures - \$121,035,200/FY16-17/

Nursing Home Assessment Trust Fund

Increase Federal Expenditures - \$224,611,700/FY16-17/

Nursing Home Assessment Trust Fund

The Governor's FY16-17 proposed budget includes revenue recognition in the amount of \$107,100,000 and expenditures in the amount of \$305,860,500 in both state and federal funds as a result of the continuation of the nursing home assessment fee.

Assumptions for the bill as amended:

- According to the Bureau of TennCare, the assessment on nursing homes will result in an increase in state revenue to the Nursing Home Assessment Trust Fund (NHATF) of \$121,035,158 in FY16-17.
- The state revenue generated will produce federal funds in the amount of \$224,611,693 at a federal match rate of 64.983 percent. These funds will be placed in the NHATF instead of the General Fund, but will continue to be spent to reimburse nursing homes.
- The total funds available to expend from the NHATF in FY16-17 are estimated to be \$345,646,851 (\$121,035,158 state + \$224,611,693 federal).
- All revenue collected by the state, including investment earnings credited to the nursing home annual assessment fee payments, interest, and penalties paid by any nursing home, and all federal funds generated by federal matching funds relative to the nursing home assessment, will be used by the Bureau of TennCare for the sole purpose of providing payments to nursing homes and use of these funds for any other purpose is prohibited.
- Based on information provided by the Department of Health, the proposed legislation will have no effect on the programs or operations of the Department.
- Authorizing any such action to be brought in the chancery court of Davidson County will not result in an increase in cases in the court system, therefore, any fiscal impact is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jem